

Mission Report

**Zimbabwe
25-31 March 1995**

Utilizing African Researchers in Consulting

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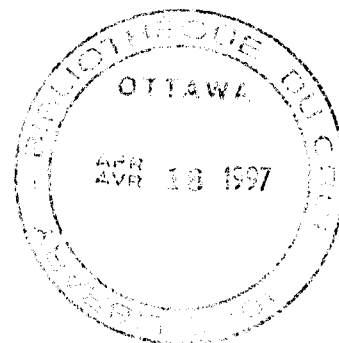
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Acronyms

ACBF	African Capacity Building Foundation
CAD	CAndian Dollar
CIDA	CAnadian International Development Agency
EU	EUropean Union
FSU	Field Support Unit (of CIDA)
IDRC	International Development Research Centre
MCAD	Million CAAndian Dollars
MFA	Ministry of Foreign Affairs (of the Netherlands)
ODA	Overseas Development Administration (British)
SIDA	Swedish International Development Agency
UNDP	United Nations Development Program
UNICEF	United Nations Children Education Fund
USAID	United States Agency for International Development
USD	United States Dollar
UZ	University of Zimbabwe
ZWD	Zimbabwe Dollar (= 0.17 CAD)

Section 1 : General

1.1 Background

IDRC, CIDA and SIDA recently embarked in a study which goal is to design an intervention model for donors wishing to use local expertise in their projects, without damaging the local institutional capacity.

The objectives of the study are to

- determine the potential domestic and external demand for African consultants
- determine the feasibility of networking and marketing the services of African professionals, especially those located at higher education and research institutions in Sub-Saharan Africa

The study is intended to build upon the recent work sponsored by the World Bank through the African Capacity-Building Foundation. The study will concentrate on the markets for expertise outside of

- engineering and architectural services
- accounting and management
- clinical health
- law

The fields of specialization included in the scope of the study are broad, in increasing demand but the least structured part of the consulting industry, even in industrialized countries. The Study Team chose the following sectors of specialization to be covered :

- agriculture
- health
- national development and economic management
- telecommunications (informatics)

The Study Team chose Zimbabwe as one of the four countries to be surveyed in detail.

1.2 Objectives

This trip constitutes a first mission in the context of the study described above. It will be followed by another mission to Zimbabwe and to other African countries. Its objective was to collect information about

- the potential demand and opportunities
- the capacity of local consultants to respond to the demand

Planning of future study activities will take into consideration the information collected during this mission.

1.3 Introduction

This report is essentially divided in 3 parts. The factual findings on demand for and supply of consulting services in Zimbabwe are presented in Sections 2 and 3 respectively. The interpretation of observations and elements to consider in the determination of feasibility of networking are discussed in Section 4. Section 5 gives a closing statement for the report.

Appendices contain the list of persons met, an activity log, thoughts on opportunities encountered and a summary of donor policies.

Section 2 : Demand and Opportunities for Local Consultants

2.1 From the Private Sector

Private sector demand in the sectors under study is virtually non-existent. One interesting finding was that large companies increasingly request environmental audits.

2.2 From the Public Sector

True, local public sector demand in the sectors under study is also virtually non-existent. The only assignments let out by the Government of Zimbabwe are financed by bilateral or multi-lateral donors.

2.3 From External Donors

Donors use consulting services for the following types of activities :

- project management (identification, feasibility, monitoring and evaluation)
- project implementation (delivery of technical assistance)

Donors normally give developing countries technical assistance that is not locally available. Thus, they import significant quantities of consulting services and expertise. This segment of the *consulting market* is by definition closed to local consultants, with few exceptions, especially where the regional market is concerned.

Many executing agencies (mostly consulting firms from the developed country providing the technical assistance) now seek local inputs in areas such as data collection and fact gathering, Human Resource Development and facilitation. These assignments are rather punctual, and leave local consultants wondering where they fit in the overall scheme of things. Most of them do not feel valued.

All donors interviewed had specific policies encouraging the use of local consultants in their project management and they do implement these policies (see Section 2.4). UNDP also has those policies as it increases the number of *nationally-executed* projects to the detriment of those executed by United Nations specialized agencies.

One consultant affirms that, of all the bilateral agencies, the European Union hires most local consultants in Zimbabwe.

The donors willingness to pay fees relates to the experience and expertise of the consultants. For example, the European Union typically pays 18,330 to 22,000 CAD/person-month for European consultants. However, it only pays up to 11,000 CAD/person-month for the top tier local consultants. USAID figures that their local consultants cost them about 6,160 CAD per person-month. These are mostly individual consultants, not affiliated to major consulting firms.

Assuming consultants use a mark-up factor of 2.5, the above local consulting rates translate into a salary for senior consultants of about 34,000 CAD/year. For comparison purposes, the University of Zimbabwe pays its full professors about 18,000 CAD/year (including professional supplements).

A significant constraint for local consultants stems from the purchasing decision-making process. For all donors, major purchase decisions are made at headquarters. Local consultants usually do not have a presence near donor headquarters and can not influence the decision-making process. Simply put, they can not lobby. The regular turnover of aid staff means for local consultants they must constantly renew friendships and lobby agencies for the small contracts let out from field offices.

2.4 Summary

The demand for consulting services in the sectors under study come overwhelmingly from donors. Current transactions summarize as follows :

Agency	Consulting Needs (pers.-months)	Remarks
CIDA	60	From interview
USAID	55	From interview
MFA	45	From interview
UNDP	50	From interview
ODA	210	Assume as much as above agencies
SIDA		
UNICEF		
EU, GTZ, etc.		
World Bank	420	Assume 50% of total demand
Total	840	

This total actual demand represents about 70 person-years. Using an average fee rate of 12,000 CAD/person-month, the market has a value of 10.1 MCAD per year.

Section 3 : Supply of Local Expertise

Owing to years of isolation after the Unilateral Declaration of Independence in 1963, the Zimbabwean private sector has developed exceptional resourcefulness and vigour. The market is dominated by local affiliates of major international management consulting firms. However, many smaller operators also thrive and prosper on the donor-driven market.

The consulting industry in Zimbabwe has structured itself like the North American industry. Firms typically have a small core staff and make extensive use of *associates*, free-lancing individuals who join the firm for specific assignments or projects. Some free-lancers have an exclusive association with a firm while others will often change their association to follow the work. Networking is extensive.

As mentioned in sub-section 2.3, many foreign firms acting as executing agencies on donor-funded projects seek local partners. Canadian firms have been rather active in this type of networking. For example, I came across references to

Mr. Henry C. Knight, Managing Director
Development Partnerships Limited
DevPar Group
P.O. Box 152
Landsdowne, Ontario
K0E 1L0

Mr. Timothy K. Thompson, CMC, P. Eng., Partner
The ARA Consulting Group Inc.
Suite 900
102 Bloor St. W
Toronto, Ontario
M5S 1M8

In essence, the large management consulting firms take the risk out of using local consultants. They take care of the brokering and ensure timely and quality outputs. Donors also value consultants who can easily manoeuvre within government and get inside information. However, they have no way of assessing that before hand.

The industry, as could be expected, comprises two tiers :

- the first tier consultants made^{up} of competent technical managers who possess all the requisite consulting skills (service, client empathy, investigative, analytical, judgemental, timeliness, experience, etc.); first tier consultants stand up reasonably well internationally and operate at high fees.

- the second tier consultants made^{up} of competent technical managers who possess most of the requisite skills (usually analytical and conclusion skills are weak — why recommend this solution?); second tier consultants could not compete outside their domestic market but still produce work adequate for most situation, especially if supported by other (usually outside) professionals.

Zimbabwe's middle-income economy provides a reasonable environment for the development of a strong consulting sector. Zimbabwe's *second-tier* consultants are as good, and sometimes better, than the *first-tier* consultants in lesser developed economies.

The weaknesses in consulting, particularly in inquisitive and analytical skills, have their roots in the public education system which does not encourage pupils to ask questions, to look beyond government rhetoric for answers. The best consultants in Zimbabwe went to mission schools or, at least, attended a northern university for many years.

The next sub-sections offer an overview of the availability of consultants in Zimbabwe.

3.1 From International Firms and Organizations

Local affiliates of major international firms take an active role in the management of donor-funded projects. The large accounting and audit partnerships and companies have diversified consulting arms within their management consulting subsidiaries. Major firms present in Zimbabwe include KPMG Peat Marwick; Price Waterhouse; Coopers Lybrand; Ernst & Young; and Deloitte, Touche & Ross.

International firms and a few exceptional individual^s constitute a class of *first tier consultants* that are widely sought for their expertise and management experience. All consulting organizations have extensive networks, even reaching in other African countries — e.g. Price Waterhouse Agriculture offering regional consulting services.

Price Waterhouse, after realizing that Africa's GDP was highly dependent upon agriculture, bought a local consulting firm, PTA Consultants, which became *Price Waterhouse Agriculture*. Assignments include all aspects of rural and sustainable development. Price Waterhouse also has an Environmental Division taking assignments in wildlife management, eco-tourism, environmental audits, impact assessment, etc. Much of the activities started as a spin-off from the management consulting operations.

Price Waterhouse feels they have little competition in Zimbabwe. Outside Zimbabwe, they normally oppose foreign firms. Price Waterhouse now engages in strategic partnerships with companies located in the countries of all major donors.

KPMG Peat Marwick's best donor client is GTZ (Deutsche Gesellschaft für Technische Zusammenarbeit GmbH — German Agency for Technical Cooperation). Most of its

work with the Government of Zimbabwe is funded by the World Bank. Peat Marwick uses IRT/Speciss a lot to locate associates. Permanent staff expertise includes

- financial management of aid projects
- ISO 9000 — quality control standard implementation
- information management
- human resources management (performance management, team-building, reporting, job descriptions, salaries and conditions of service, etc.)

On several occasions, I came across mention of the following organization as a model for what we wish to do : CHEMS — Commonwealth Higher Education Management Services. CHEMS operates from the Association of Commonwealth Universities in London, U.K. under the direction of John Fielden. It works on a profit basis, like a business. It started with seed capital from the Commonwealth Secretariat and they help build local individual consulting capacity (less so the institutional capacity).

One of the interviewees indicated that South African firms do not pose a threat to the domestic and foreign markets of Zimbabwean firms because

- owing to sanctions, they have not developed markets outside their own country
- they are busy satisfying the increasing domestic and donor demand in South Africa

3.2 From Local Firms and Individuals

The Zimbabwe Investment Centre has a directory of consultants which I must still obtain.

The Association of Zimbabwe Consultants claims it has 80 corporate members and 40 individual members representing a grand total of about 500 individual who spend more than 50% of their time in consulting. The Association of Zimbabwe Consultants estimates it represents one third of all Zimbabwe consultants (including engineers, architects, lawyers, etc.).

CIDA has its own database of consultants reflecting the orientation of its programs. I took a copy with me from Harare. Many people are registered with CIDA but few receive contracts.

According to Dr. Keith Atkinson, his company, Imani Developments (pvt.) Ltd., tried with mixed success to establish its own regional network of associates. The four sectors in our study contain significant grey areas.

3.3 From Academia

The University of Zimbabwe with its 700 teaching staff constitutes a significant pool of expertise. However the University of Zimbabwe has not organized itself to take advantage of its position. The University of Zimbabwe's main concern has traditionally been the allocation of staff time with respect to research and teaching. Its policy on consulting requires that staff fill a form for time control and submit it to the Bursar's office. The honour system has largely failed as the vast majority of staff choose to ignore the requirement.

As staff began to consume university resources in their consulting practices, the University of Zimbabwe looked at reforming the system. It secured from the British Overseas Development Administration the services of a professor from the University of Lancaster to set-up a consultancy service. The project floundered because of fears of being too restrictive and because of tramping on individual practices.

As at late 1989, University of Zimbabwe intended to run a parallel consulting business, outside the university. A distribution formula for consulting fees was even developed but the project floundered again. It has now been revived by the new Pro Vice-Chancellor and the revenue generation committee. Most pundits predict the attempt will fail once more.

In late 1989, the University of Zimbabwe Bursar, Rob Blair, left to become managing director at Speciss College, a local private provider of training services. Speciss did set-up a network of University of Zimbabwe consultants and did carry out some brokering of consulting services. The venture eventually failed as no one was looking after it on a full-time basis.

About three years ago, Speciss linked up to an American company called IRT to form a joint venture called IRT/Speciss Consulting. They won a USAID Indefinite Quantity Contract using University of Zimbabwe staff. The joint-venture failed to take-off significantly because neither partner put sufficient start-up resources in it. They figured they could look after it as a side-line and hire staff as business grew. Based on experience to date, Rob Blair figures that start-up requires two years and a full-time manager. Speciss is now thinking of starting afresh with a new local private sector partner.

The newly established National University of Science and Technology in Bulawayo will not be a major player in the consulting sectors under consideration.

3.4 Summary

The supply of consulting expertise comes largely from *first-tier* firms. The following table constitutes a summary of their transactions.

Organization	Staff (pers.-year)	Associates (pers.-year)	Remarks
Price Waterhouse	13	6	
IRT/Speciss	1	1	
Imani	6?	4?	
Zimconsult	2	1	
Peat Marwick	4	1	
Coopers Lybrand	4?	1?	Used a lot by USAID
UZ	50	0	700 staff in total
Touche & Ross	4?	1?	
Techtop	4	2	
Total	88	17	Some UZ staff included as Associates

The Association of Zimbabwe Consultants estimates that the number of consultants in Zimbabwe is 1,500. A discussion follows in the next section.

Section 4 : Elements to Consider in the Determination of Feasibility of Networking

4.1 Utilizing Academics

As could be expected, I obtained a lot of free advice on the use of academics in consulting. Firms find the best academics well informed, well travelled and well connected. This section summarizes the key recommendations received

- project timing and academic availability do not always coincide
- IRT/Speciss found it difficult to recruit University of Zimbabwe staff at local rates of 1,500-2,000 ZWD when they are used to 300 USD/day
- one can not underestimate logistical difficulties (University of Zimbabwe staff are difficult to reach, phones don't work, etc.)
- request structured references (use a questionnaire to guide the referee)
- the organization should keep its roster of associates as a private arrangement between itself and the individuals
- private sector firms limit their use of academics because of the uncertain supply of time and
- academics need strong management support as they tend to over-analyze and never conclude with recommendations practical to the client

4.2 Business Aspects

Along with the advice on the use of academics, I also received advice on the business side of consulting :

- a network as extensive as the one we propose does not yet exist
- promotion and marketing are the keys to success
- creation of the management capacity is another key to success
- a network needs large assignments to pay its way

- a network must be built on an existing business
- all macro-economists disagree with one another and generally do not work well together

One person interviewed believed that the best way to build local consulting capacity involves using the local affiliates of major international firms and letting them do the networking and brokering of assignments. They already do it well, taking much of the risk off donors hands. The same person also stated that mission directors must lower their expectations of what local consultants can produce and rather ensure that they receive good support from the major firms or from a domestic firm from the donor's country.

4.3 Supply and Demand Balance, Trends and Niches

Supply and Demand

The estimate of donor-driven consulting needs shows that the expressed demand corresponds to the supply of *first-tier* consultants. When considering all the people who claim to be consultants in the equation, supply exceeds current demand transactions by a factor greater than 10. The competition for scarce high-quality assignments is fierce.

Organizations like The Association of Zimbabwe Consultants try to increase the donor-driven demand while also trying to influence donors into shifting their supply base away from the *established* firms and individuals (about 40% of whom are white) towards the upstart, often second-tier consultants (all of whom are black).

Trends

The trend towards non-infrastructure projects is confirmed by all donors met. As a result agencies do not hire specialists any more, only generalists. They rely on consultants to provide the specialized input.

Rural development or sustainable development better describe the scope of agriculture-related services any consultant must offer in the region.

The bulk of informatics activities in Zimbabwe still revolves around accounting and payroll functions. Expert systems and customized software applications in manufacturing do not yet preoccupy the market. The university, and public organizations in general, can not keep their staff who all end up in the private sector. Given the high rate of leakage to the private sector, the informatics side of information sciences does not look like a good area to go into. I did not talk to anyone directly involved in information management but I recommend it be explored as a possible field of activity. More precisely, the Study team should reflect about management information systems.

Niches

Attractive features of a network or consortium which could constitute a niche include the ability to

- reduce the hazard of local consultant use, considering aid managers' vulnerability to poor advice
- take multi-disciplinary assignments
- strongly develop human resources
- access experience inter-regionally
- unbundle projects for local consultants
- get inside information in the government
- consider the realities of client (donors) domestic and internal policies
- have easy access to donors headquarters
- analyze the impacts of donor projects, the cost of receiving aid

4.4 Planned ACBF Intervention

The African Capacity Building Foundation, in concert with the Private Sector Development Division of the East Africa Department of the World Bank (Mr. Stephen Weissman), intends to set up consultant resource centres in seven African countries : Cameroon, Côte d'Ivoire, Ethiopia, Kenya, Sénégal, Tanzania and Zimbabwe. Local consultant associations will manage the resource centres, expected to receive 300-400,000 USD each over a two or three year period.

The centres would recommend consultants to clients looking for local expertise as well as build market awareness of the availability of local expertise. National consulting associations have evoked the possibility of providing accreditation for consultants; those discussions now take place on a regional basis. They would also organize training in consulting skills. The African Capacity Building Foundation has yet to identify training needs and choose a trainer. DevPar (see Section 3) has already lobbied for the work.

The African Capacity Building Foundation now has conceptualized the project as above and hopes to submit it to its October 1995 Board meeting. It will field a project identification/feasibility mission in May.

The World Bank is currently reviewing its consulting contract award procedures to give better access to local consultants.

It seems to me that the national consulting associations should decide whether they are professional self-regulatory associations (like orders and guilds), trade promotion groups or *Better Business Bureaus*. The three functions can hardly co-exist without significant conflicts of interests, notwithstanding the difficult co-habitation that different professions will likely face.

4.5 Brain Drain Reversal

While on this trip, I came across four initiatives meant to reverse the brain drain from Africa.

- The International Organization for Migration is implementing a European Union-financed return and reintegration program that seeks to place highly qualified professional Africans in key jobs for development in their home countries.
- The DESSA Brainpower Trust, a creation of Thomas Odhiambo's RAND-FORUM, intends to initiate action, advocacy and consultancy programmes for distressed and expatriate scientists and scholars from Africa. The research and consultancy service would fall under an organization identified as Trans-Africa Science, Security and Development Associates (TRASSDA). So far, none of these organizations have located financing to support their goals.
- The Short-Term Advisory Services (STAS) program of UNDP allows experts to travel to developing countries on short-term assignments. The expert's employer continues to pay his salary and the beneficiary pays for travel and local subsistence.
- Transfer of Knowledge through Expatriate Nationals (TOKTEN) program of UNDP allows developing country expatriates to return home on short-term assignments. The UNDP pays modest fees of 3-4,000 USD per month. Projects are financed as required.

UNDP's New-York office manages the last two programs and maintains a large data base of consultants.

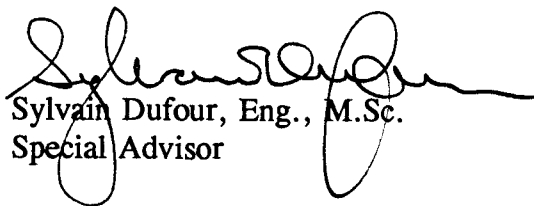
Section 5: Closure

The undersigned prepared this report which summarizes discussions, findings and conclusions reached during a visit to Zimbabwe. The report will serve as background for further work in the feasibility study of networking African researchers and consultants in Africa.

I would like to acknowledge the assistance and excellent cooperation received from all persons visited in Zimbabwe. The information presented in the report is as factual as possible and I take sole responsibility for its accuracy.

Should there be any additional information required, kindly contact me.

Respectfully submitted,



Sylvain Dufour, Eng., M.Sc.
Special Advisor

Appendix A — Persons Contacted

Name	Affiliation	Position
Dr. Bob Armstrong	USAID	Agricultural/Resource Management (Head)
Dr. Keith Atkinson	Imani Development (pvt.) Ltd.	Director
Ms. Thelma Awori ^{††}	UNDP	Resident Representative
Ms. Audrey Balfour [†]	Probe Market Research (pvt.) Ltd.	Director?
Mr. Rob Blair	Speciss College	Managing Director (former UZ Bursar)
Dr. Philip Chigaru	ARA-Techtop	Director
Mr. Patrice Chiwota	UNDP	National Economist
Mr. Johan de Waard	MFA	First Secretary (Rural Development)
Mr. Rei Fernandes	Inst. of Mining Research	Sr Mineralogist (Former Chairman)
Prof. Mazuru Gundidza	University of Zimbabwe	Dept. of Pharmacy
Mr. Simon Hammond	KPMG Peat Marwick	Partner
Prof. Graham Hill	University of Zimbabwe	Pro Vice-Chancellor
Dr. Wim Hoppens	MFA	First Secretary (Education)
Dr. Jacques Kuatala	ACBF	Program Officer
Mrs. Petra Lantz	UNDP	Deputy Resident Representative
Mrs. Catherine Masaka	UNDP	Programme Officer
Ms. Suzanne Mavros	KPMG Peat Marwick	FSU Project Manager
Mr. A.M. Masiyiwa	Association of Zimbabwe Consultants	Administrator
Mr. Louchlan Munro ^{††}	UNICEF	Economist
Mr. Steve Norton [†]	USAID	Head of Aid
Mr. Jan Olsson [†]	SIDA	Head of Aid
Ms. Gail Paine	KPMG Peat Marwick	Consultant
Mr. David Pirie ^{††}	Coopers & Lybrand	Director
Dr. Bill Purves	Price Waterhouse Agriculture	Director
Dr. Tony Roberts	Institute of Mining Research	Chairman
Dr. Peter Robinson [†]	Zimconsult	Director
Prof. Mandi Rukuni ^{††}	University of Zimbabwe	Dept of Agriculture
Mr. George Saibel	CIDA	Councillor (Development)
Ms. Mary Pat Selvaggio ^{††}	USAID	Health Program
Prof. John Shepard	University of Zimbabwe Computer Centre	Director
Dr. Rob Visser	MFA	First Secretary (Environment)
Dr. Wim Wessels	Dutch Embassy	Ambassador

[†] Contacted by telephone only.

^{††} Did not manage to reach him or her.

Appendix B — Activity Log

- 25 March Arrived in Harare
- 26 March Met Rei Fernandes in PM
- 27 March **AM** Established contacts and confirmed appointments during week
Discussed networking with Peter Robinson
- PM** Met George Saibel at CIDA
Searched the CIDA consultant database
Established further contacts
- 28 March **AM** Met staff at CIDA Field Support Unit
Met Jacques Kuatala and all ACBF staff
- PM** Met Keith Atkinson, private consultant
Met University of Zimbabwe Pro Vice-Chancellor, Prof. Hill
- 29 March **AM** Met Rob Blair, former University of Zimbabwe Bursar
Met Bill Purves, Price Waterhouse Agriculture
Reconfirmed return ticket
- PM** Met Dutch Ambassador Wissels and his staff
Met Administrator of the Association of Zimbabwe Consultants
Met Director of ARA-Techtop
- 30 March **AM** Attempted to see Prof. Rukuni at University of Zimbabwe
Met Institute of Mining Research Chairman
Met University of Zimbabwe Computer Centre Director
Met Prof. Gundidza, Dept. of Pharmacy
- PM** Met the UNDP Deputy Resident Representative
Met USAID Agricultural Program Head
- 31 March **AM** Telephoned SIDA Head of Aid
Met Dr. Rob Visser, Dutch Embassy
Met KPMG Peat Marwick staff
- PM** Harare - Amsterdam
- 1 April Amsterdam - London - Ottawa